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RUEHNE/AMEMBASSY NEW DELHI 9741
RUEHLO/AMEMBASSY LONDON 1653
RUEHBY/AMEMBASSY CANBERRA 0307
RUEHOT/AMEMBASSY OTTAWA 0674
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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 000459

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TAGS: KCRM KDEM PREL PGOV BD
SUBJECT: BUSINESSMEN AND POLITICIANS REACTION TO SECOND
LIST OF 50

REF: A. DHAKA 0436
B. DHAKA 0329

Classified By: Deputy Chief of Mission Geeta Pasi; Reason 1.4(d)

¶1. (C) Summary. Businessmen are starting to express concern about the lack of transparency with the government's anti-corruption lists, particularly as they pertain to several well-regarded businessmen. Meanwhile, an Awami League politician says his inclusion on the lists is being used by senior army officers to pressure him to join a pro-military political party. End Summary.

¶2. (SBU) On February 18, the government published a list of 50 persons required to present personal net worth statements to the Anti-Corruption Commission; most of the 50 were subsequently arrested and most were widely reputed to be exceptionally corrupt. On March 8, the Daily Star newspaper, citing a "reliable source," published a second list of 50 corruption suspects who the government never officially acknowledged or dismissed. Although politicians from both the Awami League and even more from the Bangladesh Nationalist Party dominated both lists, some businessmen, journalists, and labor leaders appeared on the second list. Most prominent were the chairman of Bashundhara Group and Beximco, two of the country's largest business conglomerates, and the president of the Bangladesh Chamber of Industries, A.K. Azad, whose garment factories are principal suppliers to JC Penny and Target. No specific charges have been associated with or filed against most of the suspects.

¶3. (C) Reports that a third list is being compiled have fueled anxiety among potential targets. Recently, several business leaders told econoff that they were surprised by the inclusion of Azad on the list as none could explain what he might have done wrong. Azad's inclusion raised concerns among major U.S. buyers about the potential impact of the anti-corruption campaign on Bangladesh's reputation as a reliable supplier of ready-made garments. Both JC Penny (ref A) and Target contacted the Embassy to seek register concern.

¶4. (C) On March 18, business leaders told econoff that the anti-corruption campaign and earlier government actions to target "hoarders" and adulterated commodities have had a chilling effect on business, evidenced by a drop in the volume of import letters of credit opened over the past month. Buyers, they say, are reluctant to order normal quantities because of uncertain rules over what constitutes

"hoarding." Importers of commodities also fear that normal spoilage (5%-10% wastage is not uncommon) will be attacked as "adulteration."

15. (C) On March 18, Awami League International Affairs Secretary Syed Abul Hossain, who is on the second list of 50,

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told poloff that he does not sleep at home now for fear of arrest and insisted that corruption allegations that led to his resignation as State Minister during the last Awami League government had all been resolved. In order to clear his name, Hossain said, he sought out business and army leaders. When he asked Directorate General for Forces Intelligence's Brigadier General Bari to purge his name from the list, Bari reportedly replied that the army was forming a political party and wanted to know how many Members of Parliament Hossain could bring with him to this new party. Bari allegedly added that the army has approached other members of both major parties about joining them, underscoring to Hossain that his name on the list was simply a ploy to get him to join the new party.

16. (C) Jatiya Party Secretary General Ruhul Howlader recently told poloff that during the Ershad regime, BNP member (and future BNP law minister) Moudud Ahmed was arrested on corruption charges, given a choice about his future, released, and then welcomed into the fold of Ershad's Jatiya Party. Howlader speculated that the army today is using the same strategy to build its own political party.

17. (C) Comment: The public has strongly supported government action against individuals widely believed to be corrupt, but as the net widens to capture people who are those less obviously culpable, it risks alienating constituencies, like

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business, that originally hailed the government's agenda and scaring off key overseas buyers who seek stable supply chains. As reports accumulate from leaders of both main parties that military officers have urged them to support a pro-military party, the allegation that the military is using the corruption campaign as political leverage looks more and more credible.

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